
THE FLYING GEESE PATTERN OF ECONOMIC DEVELOPMENT IN ASIA AND ITS SOCIO-CULTURAL FOUNDATIONS

By

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Asia is now considered as the most rapidly growing and most dynamic region of the world. This dynamism can be seen in terms of the impressive growth rates which have been achieved by many countries in the region over the last decade.

According to the World Bank, from 1980-1989, Asian countries' real GDP grew at an average of 8.4 percent. This is considerably high compared to 1.6 percent for Latin America, 2.9 percent for the Middle East and Africa, and 3 percent for industrialized countries. Moreover, it is interesting to note that Asian countries were able to achieve high growth rates at a time when most regions of the world were experiencing economic recession.¹

The "flying geese" model is often viewed as the principal phenomenon explaining long-term development pattern in the Asian region. In fact, many Asian analysts believe that this is being actively promoted by Japan, now widely held to be the dominant economic power in the region, as a model that best captures its vision of regional economic integration.

Former Japanese foreign minister Saburo Okita describes the flying geese pattern as a "process of consecutive take-off with a built-in catch-up process where Japan acts as the lead goose." In this formation,

the nations of the region engineer successive takeoffs and are soon moving on their way to higher stages of development. It is akin to a V formation, and the relationship among the countries in the formation is neither horizontal integration nor vertical integration

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as they are commonly known. Rather it is a combination of both. And because the geese that take off later are able to benefit from the forerunner's experiences to shorten the time required to catch up, they gradually transform the formation from a V-formation to eventual horizontal integration.²

Over the years, the flying geese model has attracted the attention of critics and analysts alike, who have tried to explain the dynamics accounting for this pattern of development.

According to some analysts like noted Filipino scholar Walden Bello, the flying geese model is but a sophisticated, more up-to-date version of Japan's original vision of a Greater Co-Prospersity Sphere for Asia, where the countries of the region are expected to gravitate towards Japan, which plays a dominant role as a leader.³

On the other hand, many Asian and Western economists view the flying geese model as a market-driven phenomenon and a general pattern of industrial development found specially in late developing Asian countries.⁴ Other analysts argue that the economic success of the region is a result, not so much of the flying geese model, but of the policies implemented by the so-called "strong" states in Asia.⁵

A different view, however, is provided by William Nester, who tries to explore the psycho-cultural make-up of the Japanese in relation to this pattern of development. Nester argues that Japan's economic dominance in Asia is largely a reflection of its neo-mercantilist behavior. This behavior, in turn, is further strengthened by the hierarchical worldview of the Japanese, which is reflected in their concept of a "vertical society" (*tate shakai*).⁶

Nester's attempt to examine the flying geese theory from the psycho-cultural perspective provides an interesting counterpoint to most of the existing studies which focus largely on the politico-economic dimensions of this issue. His analysis, however, appears quite constrained in that he uses the concepts of a "vertical society" and "indulged dependence" (*amae*), as elaborated by Japanese authors, to substantiate his view of the neo-mercantilist behavior of Japan. Perhaps, it would have been more instructive if he had explored these concepts further as a way of understanding Japan's behavior in the region, instead of framing them within the context of neo-mercantilism.

In this article, I shall attempt to address these weaknesses in Nester's analysis by exploring what may be called the socio-

cultural dimension of the flying geese model. I believe that a better understanding of the model, and perhaps of Japan's behavior as a regional economic power, may be derived by examining how Japanese society itself is structured and operates. In my view, the flying geese theory, as propounded by Japan, embodies, in many ways, the types of relationships, structure, organization and cultural notions underlying the Japanese concept of a vertical society.

I will begin by tracing the historical development of the flying geese model and presenting its basic features. From here, I will discuss the origins and features of the Japanese concept of a vertical society. Finally, I shall explore how the flying geese model reflects and reproduces some of the characteristics of Japan's vertically structured society. Such insights, however, are preliminary, and towards the end, I shall identify possible areas for further research on this and other related issues.

The Flying Geese Model

The theory of the flying geese pattern of development (*gankoo keitai hattenron*) was first introduced in Japan in the late 1930s by Akamatsu Kaname, who made a statistical study of the interrelated development of Japanese industries and trade before the Second World War. In this study, he used the term "flock formation of flying geese pattern" of industrial development to describe the shape of import, production and export growth curves of Japanese industries, which, according to him, is a typical pattern of industrial development in newly developing countries.⁷

Akamatsu's thesis was first translated into English in 1956 and was introduced in Western Europe by Sautter in 1973. Meantime, in Japan, this theory was further developed by Japanese economists who made empirical studies of Japan's major manufacturing industries. According to these studies, Japan's rapid economic growth from the 1960s onwards can be attributed to this pattern of development.⁸

However, during the Second World War, this theory, according to Korhonen, was used to legitimize the Japanese Greater Asian Co-Prosperity Sphere. Thus, it is not surprising that some scholars today regard the flying geese model as merely a sophisticated version of Japan's earlier vision.

In the postwar era, Kojima renamed this pattern of economic development as the catching-up product cycle (CPC). Yamazawa and other Japanese economists further extended the concept to

include the transfer of modern industries to East and Southeast Asian countries. The pattern was also frequently cited in trade policy discussions on Pacific economic cooperation.⁹

Since the theory was re-introduced by Okita Saburo at the 4th Pacific Economic Cooperation Conference (PECC) in Seoul in May 1985, the flying geese model has been widely used to explain industrial development among Asian countries and describe economic cooperation in the Asia-Pacific.

The flying geese theory explains how an underdeveloped country can become developed relatively quickly. The underdeveloped country adopts suitable labor-intensive industries from more developed countries. It produces first for the domestic market, but starts to export as soon as the industries grow strong enough to compete internationally.

In this pattern of development, a group of countries assumes an inverted V formation, moving forward in a systematic and orderly pattern. There is a leader, the most advanced country (*senshinkoku*), followed by the newly industrializing countries (NICs) in order of their level of industrial sophistication (*shinkookoku*). At the tail end are the less advanced countries, (*kooshinkoku*) arranged according to their level of development.¹⁰

Asia's postwar economic development is said to be following this kind of formation where:

Japan is the mother goose leading a flock of high-flying economies. Japan sees itself and the NICs (South Korea, Taiwan, Singapore and Hongkong) as the centers of finance, research and development, and high-technology. Following them in the flock are the emerging NICs (Malaysia and Thailand), which are engaged in medium-technology industries. Then there are the surplus labor countries like the Philippines and Indonesia, which, being at the lower end of the geese formation, are supposed to get a preponderance of investment in labor-intensive types of corporate undertakings. At the bottom of the formation are the South Asian and Indochinese states where wages are way below the ASEAN standard.¹¹

In the original work of Akamatsu Kaname, he cited three stages in this pattern of development. But this was later on refined by Japanese economists who identified five development stages in the flying geese or CPC model. The stages are as follows:¹²

Introductory stage. Here, a new product is introduced to a country through imports from advanced countries; soon, domestic consumption of the product increases gradually. Domestic production begins through imitation or borrowed technology. Because of inferior quality and high production cost, these domestically produced goods cannot compete with imported goods.

In the **import substitution stage**, domestic consumption increases rapidly which encourages production to expand at a faster rate than demand. Once this is achieved, importation of the same product will be gradually reduced. With this development, production technology is standardized, thus large-scale production becomes possible, gradually replacing the imported one. This development also contributes to the improvement of the quality of goods produced locally. The locally produced goods become more competitive vis-a-vis the imported product because of their relatively much lower price.

In the **export stage**, the domestically produced product begins to be exported. In this stage, increase in production is maintained through export expansion since the growth of domestic demand slows down.

In the **mature stage**, both domestic demand and exports slowly decrease, preventing further expansion of production. Exports begin to decrease when the product fails to compete internationally with the same products produced by late-starting countries.

In the **reverse import stage**, products of late-starting countries, which are cheaper and of good quality, begin to be imported and gradually replace domestic products in the local market, which contributes to the accelerating decline of domestic production. It is during this time that highly industrialized countries concentrate on the production of heavy industrial goods.

A review of Japan's industrial policies from the 1950s to the present would show that Japan's industrial development has followed this pattern, which in turn has had a spillover effect in Asian countries.

Japan's postwar industrial policies are characterized by the distinction between the so-called "sunrise industries" (*shinkoo sangyoo*) and "sunset industries" (*shayoo sangyoo*). Sunrise industries are those which receive direct support or subsidies from the government while sunset industries are those where government support is being phased out. Most of these sunset industries are left alone to compete in the international market.¹³

The sunrise industries include: a) coal mining in the late 1940s; b) metal and chemical industries, and shipbuilding during the 1950s; c) car manufacturing during the 1960s; d) computers and telecommunications equipment during the 1970s; and e) aviation, bio-technology and new materials in the 1980s.

On the other hand, the sunset industries include: a) coal mining during the 1950s; b) textiles during the 1960s; c) computers and telecommunications equipment during the 1980s; d) cameras and perhaps even old-fashioned petrol-powered cars in the early 1990s.

The Concept of a Vertical Society

The idea of Japan as a vertically structured society was first articulated by rural sociologist Aruga Kizaemon, whose studies, in turn, was largely influenced by the ethnographic researches of anthropologist Yanagita Kunio. As a concept, it is considered part of a larger tradition called *Nihonjinron*, which represents one of two contending views on how to view Japanese society.¹⁴

Also known as the Holistic Approach (Great Tradition), the *Nihonjinron* has a relatively long intellectual history in Japan. It presents an image of Japanese society as one that is unique, well-integrated and a cultural monolith. On the other hand, another perspective called the Conflict-Oriented Approach (Little Tradition) negates the idea of Japan as unique. It recognizes diversity in Japanese culture and the regards the presence of conflict as an integral part of Japanese history.¹⁵

In her two books, a noted Japanese scholar, Chie Nakane, provides a comprehensive and in-depth discussion of the vertical principle underlying Japanese society.¹⁶ In the following pages, I shall summarize some of the main points raised by Nakane as well as other authors on the topic:

The group as the basic unit of society.

Nakane argues that the basic unit in Japanese society is the group, not the individual. Hence, most Japanese identify themselves with a particular group, for it is where the Japanese find security and identity. This view complements Takeo Doi's argument that the group, in the Japanese context, supplies deep psychological needs, which, according to him, revolve around the concept of *amae* or "indulged dependence."¹⁷

Nakane explains that groups in Japan evolve based on a "common frame." This is different from the way social groups are organized in other societies, like India or the United States, where they are formed based on the existence of a "common attribute." For example, workers in Japan would tend to identify more with their company, which in this case, serves as the "common frame," rather than with their profession, which is seen more as an "attribute."

According to Nakane, "attribute may mean, for instance, being a member of a definite descent group or caste. In contrast, being a member of X village expresses the commonality of frame. Attribute may be acquired not only by birth but by achievement. Frame is more circumstantial."¹⁸

The essence of this grouping can be traced to the traditional concept of the Japanese household (*ie*) or village (*mura*), which has not changed much despite Japan's modernization. Once a group is established, individual members tend to be very emotionally involved; they develop a strong feeling of "oneness" and become primarily concerned with maintaining harmony and order in the group.¹⁹ This tendency is best manifested in the involvement of Japanese workers in their companies. Stockwin says that in contrast to American workers, "Japanese workers have a single-minded devotion to their companies, and will normally sacrifice their own interests to promote the company's interest."²⁰ Indeed, social groupings based on common frames is predominant in many big Japanese corporations.

However, Nakane points out that such groups should also provide for a two-way relationship. According to her, group membership "is emotionally based, and if purely personal and psychological needs are not satisfied, members will begin to neglect their assignments or even resign from the group."²¹ Thus, a social group in Japan is perceived as family-like, where there is a lot of mutual dependence specially between leader and subordinate.

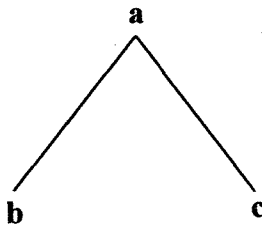
The internal structure of the group

The cohesiveness of a social group is largely attributed to an internal organization wherein members are linked vertically to each other based on ranks or order.²² Hence, the terms *sempai* ("senior") and *kohai* ("junior") are often used in a social group. This relationship between individuals with contrasting status (i.e. upper and lower) is considered as the basic structural principle of Japanese society. Indeed, Nakane stresses that the vertical relationship is more pronounced in Japan than in most societies.

The extent to which vertical relationships are present may vary among groups; there are cases where vertical relationships are not be immediately apparent, specially in groups that are not yet consolidated. However, as these groups stabilize, they eventually develop a vertical organizational structure. According to Nakane, it is almost impossible for the Japanese to form a functional group without vertical links.²³

Moreover, an organizational structure based on the vertical principle appears more pronounced in well-established, larger institutions with a higher degree of prestige. This is believed to be the source of the stability of the organization, which has been cited as the major strength of the Japanese system.²⁴

Nakane points out that the fundamental structure of a vertical organization is the **inverted V formation**. This serves as the core of social groups, specially those with no particular frame or institution or those with a very weak formation.



In this figure, *a*, *b*, *c*, represent the members of a group. Here, the relationship is mostly between *a-b* and *a-c* with *a* as the focal point.²⁵ There is not much of a relationship between *b-c*. As such, only the vertical relationships are present; the horizontal relationship is very weak. This formation is said to be more stable than a triangular one where the members are interdependent because they need each other to survive.

The distinguishing characteristic of the operation of the group is the absence of clearly differentiated roles for those on

the same positions. In the inverted V figure, this corresponds to *b* and *c*. It is for this reason that the ideology of the division of labor is not well developed in Japan.²⁶ People in the same position can perform jobs or functions interchangeably.²⁷ In a company, this is supposed to encourage competition among individuals. In the larger society, this is aimed at making the social groups more dynamic, competitive and self-sufficient.

The overall structure of Japanese society

The entire Japanese society is thus seen as a sort of aggregation of numerous independent, vertically organized and competing groups which of themselves can make no links with each other, because they are designed to be self-sufficient and competitive.

This kind of system is the basis of the Japanese state political organization which can be traced back to the Tokugawa period. The bureaucratic system of Japan's present administration has an organizational pattern similar to the Japanese native social structure - the vertical organizational principle of inverted V formation.²⁸

According to Nakane, it is evident throughout Japan's history that if there is any strong and successful configuration in Japan, it always built on the same vertical lines that characterize the pattern of Japan's centralized administration.²⁹

Reproducing Japanese Society

Based on the preceding discussion, there are several indications to suggest that the flying geese model of economic development being promoted by Japan actually reflects and reproduces the structure, organization, patterns of relationship and cultural notions present in the Japanese concept of a vertical society. This can be seen in the following ways:

First, much like Japanese society whose basic unit is the group, the flying geese model is likewise anchored on a "grouping," but in this case, not of individuals but of nations, whose growing integration came about as a result of certain economic and political imperatives.

On the one hand, Japan needed to sustain its economic growth which reached its peak in the 1980s, by expanding its investments abroad, particularly in Asian countries. This represents what Shiraishi calls the spillover effect, whereby Japanese

investment helped accelerate the industrialization of other Asian countries.³⁰ At the same time, the globalization of the world economy and the end of the Cold War brought increasing attention to the issue of economic development among Asian countries, leading to the formation of regional economic groupings. However, unlike in other regions, economic cooperation in Asia is taking place not through a formal institution like the EEC or NAFTA, but through an “informal” grouping led by the Japanese, as expressed in the flying geese model.

Second, an internal organization also exists in the model in the sense that the countries involved are vertically linked to each other and are ranked based on their level of economic and industrial development. Japan in this case is seen as the *senshinkoku* or leading country, followed by the NICs, i.e. South Korea, Taiwan, Singapore, Hongkong, and the emerging NICs such as Malaysia and Thailand, as the *shinkookoku*, or middle-level countries, and finally, Indonesia, the Philippines, the South Asian and Indochinese states as the follower countries, or the *kooshinkoku*.

Third, in the flying geese formation, the inverted V structure is very pronounced specially in the shedding off of industries, which is being done in a hierarchical and vertical manner. For example, in the 1950s, labor-intensive industries like coal mining were initially shed off by Japan. Considered as sunset industries, they had to give way to emerging sunrise industries like car manufacturing in the 1960s. These sunset industries were then passed on to the first-tier NICs, as Japan moved into capital-intensive, and later to higher-technology industries.

Today, the shedding off of industries continues to follow the same vertical pattern in the flying geese formation. Interestingly, countries occupying the same rank or position do not have a horizontal relationship in the sense that they do not pass on industries from one to another. Again, this reproduces another characteristic of the inverted V formation as the underlying structure of Japanese society: only the vertical relationships are present, while the horizontal relationship is very weak.

Aside from industries, studies show that even the flow of trade and investment in Asian countries follows this pattern. According to a noted Filipino economist, the effect of this pattern is, on the one hand, to intensify the vertical linkages between the less and the more developed countries, and on the other hand, increase the competition among countries in more or less the same level in the flying geese hierarchy.³¹

Finally, it is interesting to note that from the perspective of the Japanese, the image of a flying geese symbolizes group formation within a bigger concept of Japanese vertical society. Indeed, the flying geese image appears to be very popular and deeply rooted among the Japanese, as reflected in the ethnographic studies made by the anthropologist Yanagita Kunio.³²

Conclusion

The concept of a vertical society, as expressed in the inverted V formation, is the underlying principle of social organization in Japan. This can be traced back to the country's early history, where the vertical organizational principle of inverted V was used to form a state political organization during the Tokugawa period.

The idea of a vertically structured society is also deeply rooted in the socio-cultural make-up of the Japanese. Thus, it is not surprising that such concept and its accompanying notions and imagery represent a recurring theme in the Japanese way of thinking and dealing with the outside world.

In this article, I have attempted to explore how the flying geese pattern of development, which represents Japan's vision of regional economic cooperation for Asia, resonates with some of the deeply held notions and patterns prevalent in the social organization of Japan. In particular, I have tried to examine how it reflects and reproduces a number of characteristics found in the Japanese concept of a vertical society. In doing so, I have tried to demonstrate the idea that Japan's current thrust in regional economic integration is informed, albeit subtly, not only by strategic economic and political considerations, but also by deeply held notions and traditions in Japanese social organization.

This apparent association between the Japanese concept of a vertical society and the flying geese model, in turn, raises a number of intriguing questions. First, to what extent are the ideas and notions advocated by Japan accepted by the other countries in the region? While Japan represents the lead country in the flying geese formation, does it follow that other countries support the Japanese ideas underpinning this model? How will the individual countries own socio-cultural framework, not to mention their internal political and economic dynamics, affect their involvement in this "informal grouping"? What factors will encourage other countries to support this pattern of development, or otherwise, break away from its orbit? These are only some of the questions that need to be further examined to deepen our understanding of the flying geese model of development.

NOTES

1. Mashide Shibusawa, Zakaria Haji Ahmad and Brian Bridges, *Pacific Asia in the 1990s* (London and New York: Routledge, for the Royal Institute of International Affairs, 1992), p. 4.
2. Quoted in Walden Bello, "Trouble in Paradise: The Tension of Economic Integration in the Asia-Pacific," *World Policy Journal*, Vol. 10, No. 2 (Summer 1993), p. 92.
3. Walden Bello, *People and Power in the Pacific: The Struggle for the Post-Cold War Order* (London and San Francisco: Pluto Press with Food First and Transnational Institute, 1992), p. 85.
4. See for instance Emmanuel de Dios, "Some Notes on Regional Economic Cooperation," 1994 (unpublished); Rene Ofreneo, "The Theory of the Flying Geese Pattern of Economic Development and its Interpretations," July 1992 (unpublished); V.R. Panchamuki, "Strengthening Complementarities and Intra-Regional Trade in Asia and the Pacific," and Yung Chul Park, "Globalization and Regional Integration in Pacific Asia," both in *Economic Bulletin for Asia and the Pacific*, Vol. XLIII, No. 2 (December 1992); Miyoehei Shinohara and Fu-chen Lo, eds. *The Global Adjustment and the Future of Asian Pacific Economy* (Tokyo and Kuala Lumpur: Institute of Developing Economies and the Asian and Pacific Developing Center, 1989); and Ippei Yamazawa, *Economic Development and International Trade: The Japanese Model* (Honolulu, Hawaii: East-West Center, Resource Systems Institute, 1990).
5. For an elaboration of this view, see Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca and London: Cornell University Press, 1990); Masahide Shibusawa, Zakaria Haji Ahmad and Brian Bridges, *Pacific Asia in the 1990s* (London and New York: The Royal Institute of International Affairs, 1992); and Gordon White, *Developmental States in East Asia* (New York: St. Martin's Press, 1988).
6. William Nester, *Japan's Growing Predominance Over East Asia and the World Economy* (New York: St. Martin's Press, 1990), pp. 125-138.

7. Pekka Korhonen, "The Theory of the Flying Geese Pattern of Development and Its Interpretations," *Journal of Peace Research*, Vol. 31, No. 1 (1994), p. 93.
8. Ippei Yamazawa, *Economic Development and International Trade: The Japanese Model* (Honolulu, Hawaii: East-West Center. Resource and Systems Institute, 1990), p. 28.
9. Ibid.
10. Korhonen, "The Theory of the Flying Geese Pattern of Economic Development and Its Interpretations," p. 95.
11. Rene Ofreneo, "The Philippines and the Japanese Vision of Economic Development in the Asia-Pacific Region," July 1992. p. 3 (unpublished).
12. This is based mainly on the work of Yamazawa, *Economic Development and International Trade: The Japanese Model*, p. 30.
13. Korhonen, "The Theory of the Flying Geese Pattern of Economic Development and Its Interpretations," p. 102.
14. Ross Mouer and Yoshio Sugimoto, *Images of Japanese Society* (London, New York, Sidney and Henley: Kegan Paul Inc., 1986), pp. 21-82.
15. Ibid.
16. Chie Nakane, *Japanese Society* (Tokyo: Charles E. Tuttle Company, 1989) and *Kinship and Economic Organization in Rural Japan* (London: The Athlone Press, 1967).
17. Takeo Doi, *The Anatomy of Dependence* (Tokyo, New York and San Francisco: Kondansha International Ltd., 1983), p.28.
18. Nakane. *Japanese Society*, p. 1.
19. Ibid., p. 7.
20. N. Stockwin, *Japan Divided: Politics in a Growth Economy* (New York: McGraw-Hill, 1990), p. 33.
21. Nakane, *Japanese Society*, p. 79.

22. Ibid., pp. 26-27.
23. Ibid., p. 62.
24. Ibid., pp. 65-66.
25. Ibid., p. 42.
26. Ibid., p. 28.
27. Ibid., pp. 86-87.
28. Ibid., p. 107.
29. Ibid.
30. Based on a *Seminar on Japan in Asia* given by Takashi Shiraishi, August-September 1994, UP Asian Center.
31. De Dios, "Some Notes on Regional Cooperation," 1994, p. 1 (unpublished).
32. Among Yanagita Kunio's works is a collection of Japanese folktales, where interestingly, one of the stories is about the effort of a flock of geese to address a common problem. The story is said to symbolize the group concept inherent in Japanese society.