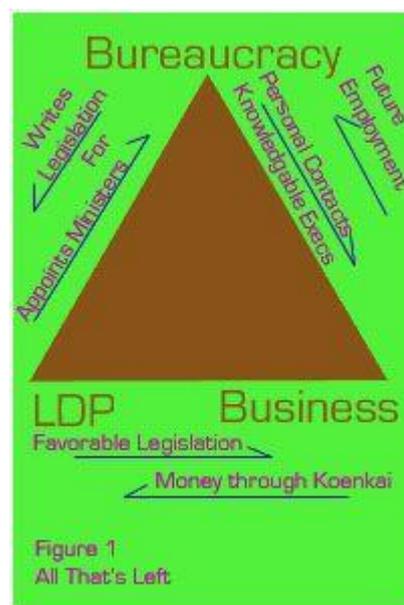


By Dr G Sreekumar Menon, Director General, National Academy of Customs, Excise & Narcotics

READERS are familiar with the Golden Triangle, which refers to the opium cultivation in the region comprising Laos, Cambodia and Thailand. Surprisingly the Iron Triangle has nothing to do with opium cultivation.

The term "*Iron Triangle*" refers to mutually supportive and interlocking relationships between the legislature (elected public officials) Bureaucracy (civil servants) and big business conglomerates in post war Japan. The post 1945 transformation of Japan from a battered and devastated nation to emerging as the world's second largest economic power is attributed to the "Iron Triangle", which created a system that brought business and government together as allies rather than as adversaries. The extraordinary level of co-operation between business and government enabled smooth pursuit of goals and interests, which were mutually beneficial.



During the pre-war era, the emphasis was on family-run Zaibatsu (financial cliques) which would support economic growth. In the post-war era this transformed into the Keiretsu (corporate groupings) that continue to be functional even now. Correspondingly, Japanese civil servants and politicians formulated laws that protected corporates and industries from foreign competition and offered subsidies, tax waivers, to industries that they believed would emerge as winners. The civil servants planned and controlled the economy as they regarded corporate Japan as the engine of the economy. Corporate Japan in turn reciprocated by giving generous campaign contributions to political parties. Retiring bureaucrats were accorded placements in corporates they once regulated. This also enabled corporates to get easy access to bureaucrats. This interlinking arrangement between politicians, bureaucrats and corporates is often referred to as the "*Iron Triangle*", - designed to foster and further each other's interests.

In the system of Iron Triangle, the bureaucrats enjoyed the ascendant position. Bureaucratic dominance emerged from the fact that policy making process was in the

hands of bureaucrats and corporates influenced the policy making process. The name of the game is access and influence.

Predictably, the iron-triangle arrangement bred recurrent corruption in both politics and the bureaucracy. Former University of California political scientist Chalmers Johnson describes the system as *"so corrupt that it seems beyond reform"*. *Politicians encourage corporates to give cash gifts to bureaucrats and support "life needs" such as cost of weddings and funerals.* These methods although technically illegal, have come to be recognized as extra-legal ways of the Japanese system.



Worried Japanese regard the Iron Triangle as an unfair arrangement that benefited only an elite group of business men, politicians and civil servants. It has also been argued that the Iron Triangle has made it difficult to perceive where the private sector ends and the government begins.

Discerning readers can perceive shades of the Iron Triangle in India also. Political Cronyism, bureaucratic imperiousness and corporate craftiness is a system that India is also familiar with.

(The views expressed are personal of the author and do not represent the views of the Department)

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