

Place-based SME finance policy and local industrial revivals: An empirical analysis of a directed credit program after WW2

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ABSTRACT

This paper examined the effects on the performance of local SMEs of a modernization fund program for small business enterprises implemented by Osaka Prefecture in the early 1950s. Utilizing firm-level panel data based on business credit reports, we empirically evaluated the effects of the program. We found an improvement in production levels among the recipients. In addition, recipients in sectors related to munitions production or in industrial agglomerations specialized in these sectors achieved additional or larger improvements in their production levels.

Keywords: place-based policy, postwar revival, directed credit, modernization, Osaka

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