Kwansei Gakuin University-Southern Methodist University

【Japanese Economy and Business】

Kwansei Gakuin University

Course Instructor

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1. Course Outline

This course provides students with a broad perspective on the Japanese economy and business. A special emphasis is placed on the economic history of Japan in the past century and a half. Having peaked in the latter half of the 1980s, the Japanese economy has suffered a long stagnation. Aspects of the so-called lost decades and policy issues are discussed. We also focus on how a Japanese corporation is managed. It involves social philosophy and culture of the Japanese society and offers an interesting contrast to the way businesses in Anglo-Saxon countries are run.

2. Course Objectives

By taking this course, students are expected to: (1) gain exposure to major issues pertinent to the economic development of Japan, (2) acquire knowledge of Japanese economy and business in historical and cultural perspective, (3) understand the contemporary economic issues faced by Japan.

3. Course Structure

The course is basically structured around lectures. However, in-class discussion is encouraged. Two special lectures by guest speakers are planned, but not yet confirmed. At the end of the course, students are expected to give a short presentation of their respective research project.

4. Assessment Details

(1) Class Participation 30%
(2) Short Research Paper 40% (students will choose one topic from selections offered by the instructor and write an 800-1200 word report)
(4) Research presentation 20%
(5) Field trip reflection paper (500 to 600 words) 10%

5. Some Useful Data Sources

CIA World Fact Data
6. Textbooks and Readings

Textbooks:
(Available online free of charge: http://www.grips.ac.jp/forum/pdf06/EDJ.pdf)

Other readings (to be specified below in each session detail) will be available online in our academic site (called LUNA).
THE SYLLABUS

Session Topics and Readings*

• Readings listed below are subject to change.

Session 1 Introduction to the Course
Overview of the course is presented. Brief history of Japan will also be explained.


Session 2. Historical Background to Industrialization: The Tokugawa Period
Japan did not suddenly start industrialization with the advent of the Meiji Period. The preceding period had developed institutions that will prove instrumental in modernizing the country.

Assigned Reading: Ohno (2006), Chap. 2
Secondary Reading: R. Dore (1965) Education in Tokugawa Japan. Berkeley: University of California Press. (Sections to be selected.)

Session 3. New Goals of the Meiji Government and Imporation of Western Technology
When the last Shogun of Tokugawa regime (Tokugawa Yoshinobu) returned the political authority to the emperor in Kyoto (Meiji Restoration), the Meiji Government moved the capital from Kyoto to Tokyo and set about modernizing the country. Many foreign teachers, doctors, and engineers were invited to Japan to help her modernize.

Assigned Reading: Ohno (2006), Chaps. 3 and 4.

Session 4. Industrialization and Two Wars (Japan-China and Japan-Russia Wars)
As Japan succeeded in industrializing the economy, she grew aggressive in East Asian region. She was engaged in two wars (Japan-China War in 1984/5 and Japan-Russia War in 1904/5) and winning them (barely in the case of the latter) made her even more ambitious.

Assigned Reading: Ohno (2006), Chaps. 5 and 6.
   http://ocw.mit.edu/ans7870/21f/21f.027/yellow_promise_yellow_peril/yp_essay01.html

Session 5. World War I, War Boom and Bust, and World War II.  
Japan was fortunate in supplying goods to European nations fighting the World War I, while she was not actively engaged in any actual battles in Europe (except for a dispatch of soldiers in Siberian Intervention). After the war, a bust naturally followed and there arose a major banking panic in 1927. Things were aggravated when the Great Depression ensued in the 1930s. The Japanese military became aggressive and expanded territorial ambitions only to clash with the U.S. in the Pacific.

Assigned Reading: Ohno (2006), Chaps. 7, 8, and 9.

Session 6. Postwar Recovery and High Growth Era  
After Japan had suffered a fatal defeat in 1945, she began recovery immediately and was aided by a war in Korean Peninsula. High growth era followed and Japan staged a comeback to the world stage.

Assigned Reading: Ohno (2006), Chaps. 10 and 11.

Session 7. Case Study: Automotive Industry in the U.S. and Japan  
Since we will be making a field trip to a Toyota factory, we will conduct a case study of the automotive industry in the U.S. and Japan in the 1980s.


**Session 8. Trade Conflict with the U.S.**

As Japan became more developed and sophisticated, the trade surplus with the U.S. became a thorny issue between the U.S. and Japan.


**Session 9. Bubble Economy in the 1980s and Its Bursting**

Japan finally caught up with the West and the Japanese people were euphoric about their achievement only to be stung by the bursting of the Bubble.


**Session 10. Japanese Management in Its Heyday**

The economic success of Japan attracted other nations’ attention toward the Japanese Management. Short-termism and lack of loyalty among American workers were criticized, while the long-term orientation geared toward growth and the nurturing of workers were praised as the source of the Japanese strengths.
We will focus on the human resources management methods across Japan and the U.S. There are differences as well as similarities.

Required Reading: S.M. Jacoby (2005) *The Embedded Corporation: Corporate Governance and Employment Relations in Japan and the U.S.* Stanford: Stanford University Press. (Sections to be selected.)
Secondary Reading: TBA

Session 12. Corporate Governance Reforms
While Japan was lagging behind the U.S. in the 1990s and beyond in terms of overall economic and productivity growth, the Japanese government, businesses, and press turned to the Anglo-Saxon model of corporate governance. Quite a few reform schemes have been implemented, but their effects are yet to be seen.

Required Reading: S. Hirota (2015) *Corporate Finance and Governance in Stakeholder Society: Beyond Shareholder Capitalism.* Abingdon: Routledge. (Sections to be selected.)

Session 13. Foreign Businesses in Japan
Although not many, a few foreign businesses are quite successful in Japan, including IBM, Apple, P&G, and others.

Secondary Reading: TBA
Session 14. Public Finance
We will now discuss the state of public finance in Japan. Japan’s national debt to GDP ratio is second to none, surpassing those of Greece and Italy. Pundits claim the consumption tax which is currently 8% has to be raised to 20% at the minimum to attain fiscal sustainability.

Secondary Reading: TBA

Session 15. Labor Market Issues
Problems with the Japanese labor markets are discussed. There are many hurdles to be tackled, including how we can raise female labor force participation rate.

Secondary Reading: TBA

Session 16. Japan’s Demographic Collapse
Japan started depopulation which implies a disaster ahead in terms of macroeconomic performance and implications for the future of social welfare system.

Secondary Reading: TBA

Section 17. Aging Society and Fiscal Sustainability
Japan will undergo a rapid aging and it casts a shadow over fiscal sustainability.

Sessions 18 and 19. Lectures by Guest Speakers.
One speaker will be a foreign ministry official talking about Japan’s FTA programs. The second speaker will be a professor who closely monitors economic policy by the Japanese government. Actual dates have to be finalized with these speakers.

Session 20. Student Presentations.
Each student is to write a short research paper which will be presented in this session.